GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:343
ANSWERED ON:13.12.2002
HOUSING LOAN
DR. KIRIT SOMAIYA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether due to several incentives being extended to the beneficiaries of housing loan, there is a spurt in house building activities in the country;

(b) if so, the projected growth rate for housing sector for the next three years;

(c) the housing loan projection made for the year 2002-2003; and

(d) the housing loan provided by public sector banks/FIs during last three years alongwith the interest rates thereon ?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (d): A Statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO.343 REGARDIN HOUSING LOAN FOR ANSWER ON 13TH DECEMBER, 2002 TABLED BY SHRI KIRIT SOMAIYA.

(a) : Yes, Sir. The housing and housing finance sector has been accorded priority in recent years by the Government of India. Fiscal incentives have been provided to this sector in the last three successive Union Budgets. The financial institutions have liberalised the lending norms, reduced the rates of interest, increased the period of loan, eased the collateral requirement etc. This coupled with the overall downward movement of the interest rates in the economy and increased competition among the institutions engaged in providing financial assistance for housing have improved both the accessibility and affordability of housing finance. Further, all Commercial Banks are now required by RBI to provide a minimum of 3% of incremental deposits for housing finance.

(b), (c) & (d) : The lending rates of banks are governed by the directives on interest rate issued by RBI from time to time. As per extant guidelines, the interest on loans up to Rs.2 lakh should not exceed Prime Lending Rate (PLR) of the bank and beyond Rs.2 lakhs, banks have been given operational flexibility in deciding their lending rate. Currently, the fixed and floating rate of interest on housing loan varies between 9.50 to 11.50% and 9.25 to 11.50% respectively. According to the information furnished by National Housing Bank (NHB), the total housing finance disbursed by the commercial banks and Housing Finance Companies (HFCs) has increased from Rs. 19,723.38 crores in 1999-2000 to Rs. 29,600.25 crores in 2001-2002. For the year 2002-03 it is estimated that total housing finance disbursement will touch Rs. 37,000 crores. This is based on past trends of growth of housing finance. NHB has submitted that if the existing fiscal and monetary incentives continue to be available, the housing sector is likely to grow by 25% annually over the next three years.